

HEAD OFFICE :
67, DILKUSHA COMMERCIAL AREA
DHAKA-2, BANGLADESH.

Dated Dhaka, the 18 MAY 1983

The Board of Directors,
Bangladesh Textile Mills Corporation,
Motijheel Commercial Area,
Dhaka-2.

Sub : Auditors' report on the accounts of M/s. Alhaj Textile Mills Ltd. Ishurdi, Pabna for the year ended 30th June, 1982.

Dear Sir,

In pursuance of our appointment letter No. Audit/105.02(81-82)/3804 dated 16-6-82 we have carried out the audit of the Accounts of M/s. Al-Haj Textile Mills Ltd. Ishurdi, Pabna for the year ended 30th June, 1982 and enclose herewith the following :

- | | |
|----------|--|
| Part-I | : Statutory Report. |
| Part-II | : Detailed Report on the Accounts of Al-haj Textile Mills Ltd. for the year ended 30th June, 1982. |
| Part-III | : Financial Statement |
| Part-IV | : Appendices |

SCOPE OF AUDIT :

Our audit has embraced the verification of assets and liabilities of the company in accordance with generally accepted auditing standard and accordingly it includes such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

Thanking you,

Yours faithfully,

Howladar Yunus
HOWLADAR YUNUS & CO.
Chartered Accountants.

For Alhaj Textile Mills Ltd.
[Signature]
General Manager

PART-I
AUDITOR'S REPORT

We have audited the annexed Balance Sheet of Al-Haj Textile Mills Ltd., Ishurdi, Pabna as at 30th June, 1982 alongwith Manufacturing, Trading Profit & Loss Accounts for the year ended on that date with books, vouchers, and other relevant papers and documents as maintained and produced to us at the time of our audit.

Subject to our separate detailed report on the accounts of even date we report that :-

- (i) We have obtained all the information and explanations we required ;
- (ii) In our opinion, the annexed Balance Sheet Trading and Profit & Loss Accounts have been drawn up in conformity with the law ;
- (iii) Such Balance Sheet exhibits a true and correct view of the state of affairs of the Company according to the best of our information and explanations given to us and as shown by the books of accounts of the company ;
- (iv) In our opinion, the books of accounts have been kept by the company as required under section 130 of the Companies Act, 1913.

Howladar Yunus & Co.
Howladar Yunus & Co.
Chartered Accountants

For Alhaj Textile Mills Ltd
[Signature]
General Manager

PART-II

Detailed Report on the Accounts of Al-haj Textile Mills Ltd. for the year ended June 30, 1982.

Further to our statutory report under Section 145(2) of the Companies Act, 1913 annexed herein before, we are giving below our observation on certain items appearing in the Balance Sheet and accounts of Al-haj Textile Mills Ltd.

COMMENTS ON BALANCE SHEET ITEMS :

1.00 CAPITAL AND LIABILITIES :

1.1 ISSUED, SUBSCRIBED AND PAID UP CAPITAL : TK. 59,01,650.00

The above represents the value of 590165 fully paid up ordinary shares of Tk. 10.00 each. All Shares of the company are vested in the Government of Bangladesh by virtue of P.O. 27 of 1972. However, this has again been disinvested in Nov., 1982.

1.2 CAPITAL RESERVE : TK. 3,926.00

This is as per last account and is being carried forward since preliberation period.

1.3 RESERVE AND SURPLUS : TK. 54,01,248.94

This consists of the following :-

General Reserve	Tk. 13,95,080.00
Special development Reserve U/S. 14A	40,06,168.94
Taka :	<u>54,01,248.94</u> =====

The balance is as per last account.

1.40 PROFIT AND LOSS ACCOUNT: TK. 60,19,274.91

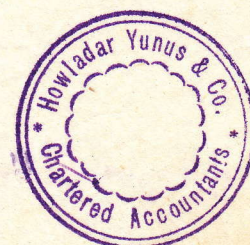
This is arrived at as follows :

Balance as on 1-7-81	Tk. 1,15,32,154.31
Less: Final provision for expenses in respect of previous year	6,26,260 .30
	<u>1,09,05,894.01</u>
Less: Loss sustained during the year	48,86,619.10
Balance of Profit: Taka :	<u>60,19,274.91</u> =====

For Alhaj Textile Mills Ltd.

[Signature]
General Manager

General Manager



Adjustments in respect of previous years represents the following :
With regard to provision for expenses for Tk.6,26,260.30 we observed the following :

We found that Tk.2,50,510.43 has been debited for rectification of wrong adjustment made in the previous year's account against repair & maintainance(Spare parts).

Besides this Tk.3,69,385.27 was charged to the above account for interest on raw cotton purchased from other mills.It is however, unusual to charge interest on account of debts arising from purchase of raw cotton unless provided for in the agreements entered into in between.

1.50 WORKERS PROFIT PARTICIPATION FUND : TK. 33,951.04

Detailed of the above have been shown in Annexed Schedule-L.

1.60 CUSTOM DUTY : TK.19,232.68

Balance on 1-7-81 Tk. 1,06,539.71

Add:Interest charged during the year 7,771.93

1,14,311.64

Less:Payment made during the year 95,078.96

Taka : 19,232.68

=====

The above balance represents the interest on custom Duty which was claimed by the Custom Authority vide letter No.CTC/IMP/307/82 dated 28-7-82.This balance has subsequently been adjusted.

1.70 CURRENT LIABILITIES : TK. 4,89,91,160.95

The break up of the above is as follows :

Advance against Sales Tk. 15,01,889.29

Bank Overdraft 34,41,525.71

Security and Deposits " 27,72,554.34

BTMC Current Account 3,40,55,569.20

Other Current Liabilities 7219,622.41

Taka : 4,89,91,160.95

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(Contd.



for Alhaj Textile Mills Ltd.

[Signature]

General Manager

1.71 ADVANCE AGAINST SALES : TK. 15,01,889.29

No schedule of the above was made available to us for verification. Therefore, the scope of our verification was limited to the balance with ledger only.

1.72 BANK OVERDRAFT (SECURED): TK. 34,41,525.71

This represents the balance of Cash Credit Account maintained with Pubali Bank, Ishurdi, Pabna. The facility was obtained against the pledge of Raw Cotton, finished goods, chemicals etc.

We have verified the reconciliation Statement as produced to us and the balance was confirmed by the concerned bank.

1.73 SECURITY AND OTHER DEPOSITS: TK. 27,72,554.34

This represents security money received from time to time from various parties. We have checked the subsidiary register maintained by the management and found in agreement.

1.74 BTMC CURRENT ACCOUNT: TK. 3,40,55,569.20

The above balance was due to the corporation as on 30-6-82.

The balance confirmation certificate from the corporation was not available for our verification. No reconciliation was made during the year under review.

1.75 OTHER CURRENT LIABILITIES : TK. 72,19,622.41

This consists of :

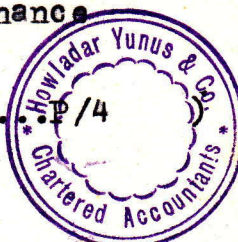
Provision for Expenses	71,65,343.13
Trade Creditors	(1,95,256.67)
Sundry Creditors	41,826.51
Unpaid Salary	38,426.53
Loan from C.P.F.	1,45,994.12
Income Tax deduction from Parties	2,058.13
Other Fund	21,230.66

Taka : 72,19,622.41

1.75(1) PROVISION FOR EXPENSES: TK. 71,65,343.13

Provision for leave pay & gratuity	Tk. 11,45,234.21
Provision for Salary & Wages	5,93,949.46
Provision for other Finance	7,18,855.93

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For Alhaj Textile Mills Ltd

[Signature]

General Manager

Provision for company's Income Tax	23,85,853.00
Provision for Sale Tax	23,07,906.79
Provision for Goods Supplied	1,351.73
Provision for EWCS Ltd.	12,192.01

Taka : 71,65,343.13
=====

a) PROVISION FOR LEAVE PAY AND GRATUITY: TK.11,45,234.21

Balance as on 1st July, 1980 14,70,355.55

Add: Provision made during the yr. 5,91,005.23

Taka : 20,61,360.78
=====

Less: Paid during the year 9,16,126.57
=====

Taka : 11,45,234.21
=====

An amount of Tk.5,91,005.23 has been provided during the year which was equal to one month basic salary of officer staff and workers entitled to leave pay & gratuity as per circular of the corporation.

b) PROVISION FOR SALARY AND WAGES: TK.5,93,949.46

This amount has been arrived at as follows :

Balance as on 1-7-81 Tk. 4,34,283.26

Add: Addition during the yr. 99,12,725.13

103,47,008.39

Less: Payment made during the year 97,53,058.93

Taka : 5,93,949.46
=====

As regards the above, a schedule was produced to us for our verification. While verifying the schedule it was found that Tk.1,09,250.90 related to the previous year has been debited to P & L A/c. during the year under review instead of P/L Adjustment Account.

However, the balance has subsequently been paid off.

c) PROVISION FOR OTHER FINANCE : TK. 7,18,855.93

This is arrived at as follows :

Balance as on 1-7-80 Tk. 3,35,140.99

Add: Provision made during the year

7,23,855.93

10,58,996.92

Less: Payment made during the year 3,40,140.99

Taka : 7,18,855.93
=====

For Alhaj Textile Mills Ltd.

[Signature]

General Manager



e) PROVISION FOR SALES TAX: TK. 23,07,906.79

This is as per last account and being carried forward since 1973-74.

f) PROVISION FOR GOODS SUPPLY: TK. 1,351.73

This is as per last Account.

g) PROVISION FOR EWCS LTD. TK. 12,192.01

Some Sharees and cloths have been supplied to the Staff and Workers during the Bid festival against ATM Employees Workers Co-operative society Ltd. Management used to realise the balance from their Salary

1.75(ii) TRADE CREDITORS: TK. (1,95,256.67)

A schedule has been produced to us for our verification. In this connection it was observed that a large number of accounts have been carried forward from last year.

As reported the debit balance in maximum cases has been arisen owing to making of advance against purchase from various parties, but goods were not received in full during the year under audit.

1.75(iii) SUNDRY CREDITORS : TK. 41,826.51

While verifying the schedule of the above as produced to us by the management we found that Tk. 22,534.89 and Tk. 2,459.60 due to Alhaj Jute Mills Ltd. and Shadharan Bima Corporation respectively have been carried forward since long. Proper adjustment in respect of the above should be made.

1.75(iv) C.P.F. TK. 1,45,994.12

The amount has been realised from officers, Staff and Workers ~~again~~ against Loan taken by them and is payable to provident Fund Trust.

1.75(v) INCOME TAX DEDUCTION FROM PARTIES : TK. 2,058.13

Included in the above Tk. 125.00 is as per last account.

1.75(vi) OTHER FUND: TK. 21,230.66

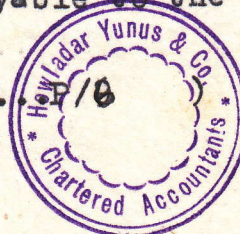
This is arrived at as follows :

ATM Sramik Union Subscription Fund	Tk.	1,254.00
Sramik Kalayan Tahbil		12,200.00
Officer Club		5.00
Welfare Fund		7,771.66

Taka : 21,230.66

The above balance is payable to the respective fund account.

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For Alhaj Textile Mills Ltd

General Manager

2.00 PROPERTY AND ASSETS

2.10 FIXED CAPITAL EXPENDITURE:TK. 1,08,31,650.02

The above amount consists of the following :

Balance as on 1-7-1981(at cost)	1,96,70,033.91
Add:Addition during the year	17,35,563.82
	Taka : 2,14,05,597.73
Less:Adjustment during the year	10,000.00
	<u>2,13,95,597.73</u>
Less: Depreciation	
Provident upto 30-6-81	95,71,535.92
Provided for the year	
1981-82	<u>9,92,411.79</u>
	1,05,63,947.71
Written down value as on 30-6-82	<u>1,08,31,650.02</u>

The itemwise break up of fixed assets have been shown in the enclosed Schedule A-I and our comment on fixed assets are as follows:

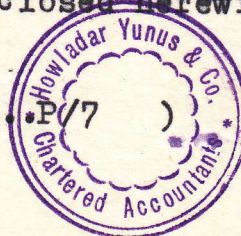
01. Included there in Tk.16,68,163.78 has been transferred from construction work-in-Progress.But most of them were not confirmed by Completion certificate from Civil Engineer.
02. Plant register has been maintained upto date but the register of furniture and fixture was not provided to us for our verification.
03. As regards residential furniture and furnishing we could not ascertain whether or what extent the officers/employee are entitled to enjoy this facility.
04. No physical inventory was taken on 30th June, 1982.Therefore,we are not sure that the balance shown in the account is physically existed in the enterprise.
05. Depreciation has been charged in consistent with previous years practice.

2.20 CONSTRUCTION WORK-IN-PROGRESS: TK.18,59,457.81

This represents the cost of materials issued for construction of certain fixed assets which were not completed upto 30th June,1982.

The above amount has been arrived at as under but its break up has been given in schedule A/2 enclosed herewith :-

(Contd...)



For Alhaj Textile Mills Ltd

General Manager

Balance as on 1-7-1981	Tk.	25,50,189.09
Addition during the year		9,77,432.50
		<u>35,27,621.59</u>
Less: Adjustment during this year		16,68,163.78
	Taka :	<u>18,59,457.81</u>
		=====

This is as per ledger. This represents the cost of materials charged to work-in-progress for constructions of different classes of assets. No other overhead has been charged to the above.

2.30 INVESTMENT: TK. 2,14,098.07

This is arrived at as under:

Balance as on 1st July, 1981	Tk.	11,23,041.65
Less: Adjustment during the year	"	9,08,943.58
	Taka:	<u>2,14,098.07</u>
		=====

The above investment was made in M/s. Al-haj Jute Mills Limited against which Tk. 9,08,943.58 has been received from Govt. as compensation during the year under audit as full and final settlement. The remaining balance should be written off.

2.40 CURRENT ASSETS: TK. 5,34,65,238.62

This consists of the following :

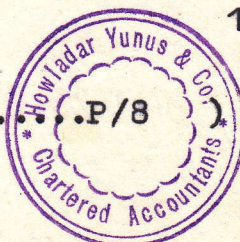
Stock and Store	Tk.	4,36,78,803.13
Book Debts		6317,206.17
Advance, Deposits & Prepayments	"	34,38,346.58
Cash and Bank Balances		30882.74
	Taka :	<u>5,34,65,238.62</u>
		=====

2.40(1) STOCK & STORES: TK. 4,36,78,803.13

This is made up as under :

Raw Cotton	Tk.	1,93,78,067.94
Work in Process		73,19,029.40
Finished Goods	"	39,13,036.13
Store & Spares		1,04,71,909.36

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for Alhaj Textile Mills Ltd.

[Signature]

General Manager

FINAL

Private & Confidential

M/S. AL-HAJ TEXTILE MILLS LIMITED.
ISHURDI, PABNA
FOR THE YEAR ENDED 30TH JUNE, 1982



HOWLADAR, YUNUS & CO.
CHARTERED ACCOUNTANTS

Dhaka :
67, DILKUSHA C/A.

Chittagong :
1314/A, SK. MUJIB RD.

Khulna :
SHAHEEN HOTEL,

London :
77, BURGHLEY RD.